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7

FILED

AUG 29 1994

HOWARD HANSON
MARIN COUNTY CLERK
By J. Steele, Deputy

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF MARIN

10 CHURCH OF SCIENTOLOGY INTERNATIONAL,)
a California not-for-profit)
11 religious corporation,)

12 Plaintiff,)

13 vs.)

14 GERALD ARMSTRONG; MICHAEL WALTON;)
THE GERALD ARMSTRONG CORPORATION)
15 a California for-profit)
corporation; DOES 1 through 100,)
16 inclusive,)

17 Defendants.)

No. 157 680

**EVIDENCE IN SUPPORT OF
GERALD ARMSTRONG'S
OPPOSITION TO CSI'S
MOTION FOR SUMMARY
JUDGMENT**

Date: September 9, 1994
Time: 9:00 a.m.
Dept: One
Trial Date: 9/29/94

VOLUME I

RECEIVED

AUG 29 1994

HUB LAW OFFICES

28

1 INDEX TO EXHIBITS

2 VOLUME I

3 EXHIBIT 1: Declaration of Gerald Armstrong Authenticating
4 Deposition Transcripts And Exhibits.

5 EXHIBIT 1(A): Deposition testimony of Lynn Farny ("Farny"),
6 Secretary and corporate representative of
7 Plaintiff CSI;

8 EXHIBIT 1(B): Declaration of Gerald Armstrong executed
9 February 22, 1994 and Exh. B thereto,
10 Declaration of Gerald Armstrong executed
11 February 20, 1994 (also entitled "Build a
12 Better Basket"), filed in Scientology v.
13 Fishman and Geertz, US District Court for the
14 Central District of California, Case No. CV
15 91-6426-HLH(Tx);

16 EXHIBIT 1(C): Letter dated November 7, 1984 from LAPD
17 Officer Phillip Rodriguez to Eugene M. Ingram;

18 EXHIBIT 1(D): Public Announcement by Daryl F. Gates, Chief
19 of Police, Los Angeles dated April 23, 1985;

20 VOLUME II

21 EXHIBIT 1(E): Letter dated April 25, 1986 from Robert N.
22 Jorgenson, Los Angeles Deputy District
23 Attorney to Scientology;

24 EXHIBIT 1(F): Declaration of Gerald Armstrong dated January
25 13, 1994;

26 EXHIBIT 1(G): Gerald Armstrong's prayer to God and His
27 Answer dated August 13, 1990;

28 EXHIBIT 1(H): Deposition testimony of Gerald Armstrong in
Church of Scientology International v.
Armstrong, Los Angeles Superior Court, case
No. BC 053295 ("Armstrong II");

EXHIBIT 1(I): Deposition testimony of Michael Walton in
Armstrong II.

VOLUME III

EXHIBIT 1(J): Deposition testimony of Gerald Armstrong
herein;

EXHIBIT 1(K): Deposition testimony of Michael Walton herein;

EXHIBIT 1(L): Confirmation of Protective Order Re:
Distribution of Documents Produced by Gerald

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Armstrong and The Gerald Armstrong Corporation
to CSI After In Camera Review, signed by
Referee William R. Benz;

EXHIBIT 1(M): Cross-Complainant and Defendant Gerald
Armstrong's First Inspection Demand to
Plaintiff and Cross-Defendant Church of
Scientology International;

EXHIBIT 1(N): Scientology Black Propaganda document "Who is
Gerald Armstrong?"

VOLUME IV

EXHIBIT 1(O): Hubbard Communications Policy Letter "How to
Handle Black Propaganda - Rumors and
Whispering Campaigns;"

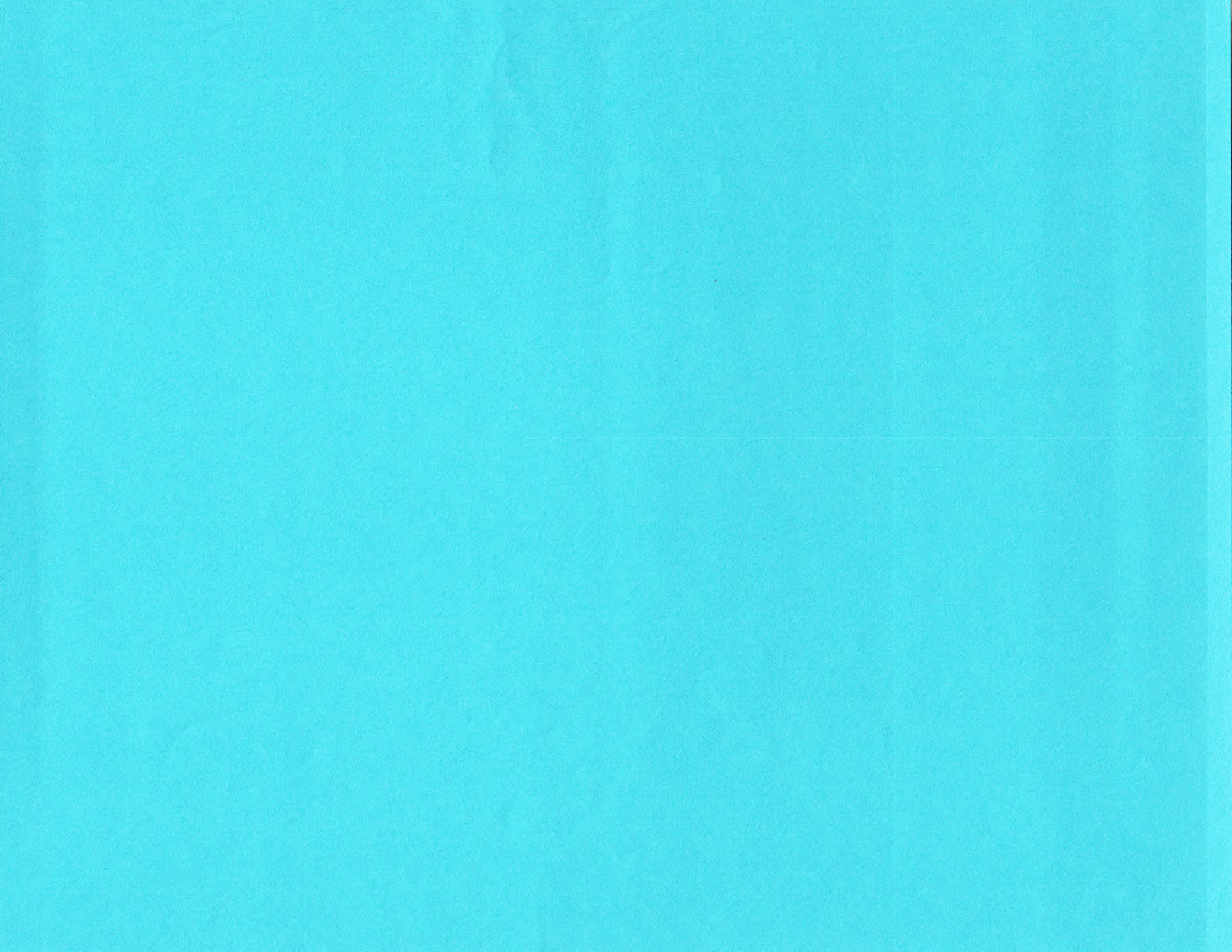
EXHIBIT 1(P): Hubbard Communications Policy Letter "Black
PR.

EXHIBIT 2: Declaration of Ford Greene Authenticating Exhibits.

EXHIBIT 2(A): Non-Parties' Notice of Compliance Re Discovery
dated February 8, 1994 and filed in the
Fishman case.

EXHIBIT 2(B): Notice of Non-Opposition to Application for an
Order Admitting Michael Lee Hertzberg as
Counsel Pro Hac Vice dated July 26, 1994 in
Armstrong II.

EXHIBIT 2(C): Order Dismissing Action with Prejudice filed
February 22, 1994 in the Fishman case.



DECLARATION OF GERALD ARMSTRONG

1
2 1. My name is Gerald Armstrong. I am the defendant and
3 cross-complainant in the above action, am above the age of 18
4 years old and am competent to testify to the matters set forth
5 herein on the basis of my own first-hand knowledge as a human
6 being, litigant or witness. I am making this declaration to
7 support my opposition to Scientology's motion for summary judgment
8 of my cross-complaint.

9 2. In the instant case I provided deposition testimony and
10 was present for depositions of co-defendant Michael Walton as well
11 as for Lynn Farny whom Church of Scientology International
12 produced as its corporate representative for the purposes of this
13 litigation pursuant to Code of Civil Procedure section 2025 (d).

14 3. I am the defendant in Church of Scientology International v.
15 Armstrong, Los Angeles Superior Court, Case No. BC 053295
16 ("Armstrong II") and have provided deposition testimony therein
17 and have been present during the deposition testimony therein of
18 Michael Walton.

19 4. Pursuant to an order of the Referee in this case William
20 R. Benz, in early March, 1994, I provided certain financial
21 records of my own and The Gerald Armstrong Corporation to him for
22 in camera review. I was present on March 17, 1994, prior to my
23 deposition, when Mr. Benz made a protective order concerning these
24 records. This order limited the distribution of these records to
25 Plaintiff's counsel in this case and limited the use of these
26 records by counsel to this litigation. I was also present on
27 August 25, 1994 when Mr. Benz signed the "Confirmation of
28 Protective Order" appended hereto as Exhibit L.

1 5. I am a former member of the Scientology organization and
2 am familiar with the policies and procedures thereof.

3 6. The videotape of me referred to by David Miscavige in
4 his declaration executed February 8, 1994 and filed in Scientology
5 v. Fishman and Geertz, US District Court for the Central District
6 of California, Case No. CV 91-6426-HLH(Tx) involved my
7 conversations in Griffith Park in Los Angeles with Scientology
8 agents David Kluge and Mike Rinder. I refuted Mr. Miscavige's
9 allegations in my declaration executed February 22, 1994 and filed
10 in the Fishman case along with my declaration executed February
11 20, 1994, which I called for literary purposes "Build a Better
12 Basket." These declarations are appended hereto as Exhibit B.

13 7. When I met and spoke with David Kluge and Mike Rinder I
14 believed my conversations were private and confidential and I
15 maintained an expectation of privacy throughout all my
16 conversations. When I had these conversations with Kluge and
17 Rinder I said some crude and silly things, and I did so with an
18 expectation of privacy. I never authorized any recording of my
19 conversations, nor any surveillance or eavesdropping of myself,
20 and the recording, surveillance and eavesdropping which resulted
21 in the videotapes referred to by Miscavige in his declaration were
22 done without my knowledge or consent.

23 8. On March 21, 1994 I served my First Inspection Demand to
24 CSI in this case. Demand number 10 therein, a copy of which is
25 appended hereto as Exhibit M, requested documents concerning me
26 given to the media. Produced to me by CSI on May 9, 1994 in
27 response to this demand was a document, which Scientology refers
28 to as a "Dead Agent Document," entitled "Who is Gerald Armstrong?"

1 a copy of which is appended hereto as Exhibit N. This document
2 plus the documents which accompanied it and are referred to
3 therein by bold-faced notations "SECTION _" form a "Dead Agent
4 Pack."

5 The document "Who is Gerald Armstrong?" is actually what
6 Scientology refers to as "Black Propaganda." An understanding of
7 "Black Propaganda," or, as it is usually used inside Scientology,
8 "Black PR," is obtainable from the Scientology policy letters
9 "Black PR" of May 11, 1971 and "How to Handle Black Propaganda,"
10 of November 21, 1972, appended hereto as Exhibits P and O.

11 I was close to L. Ron Hubbard ("Hubbard") when he issued
12 these policies, I studied them and trained on them, and they were
13 included in the "hats," or manuals for several of my posts," or
14 jobs, inside. I was the legal officer, public relations officer or
15 intelligence officer from 1972 through 1975 on Hubbard's 400-crew
16 yacht in North Africa, Europe and the Caribbean. During that time
17 I had many occasions to deal with the concepts and terms "Black
18 PR" and "Dead Agent, or as used inside, "DA." I prepared many "DA
19 packs" of "DA docs."

20 I also learned, because of my proximity to, relations with,
21 and posting in the Guardian's Office, and because of the FBI's
22 raid of the Guardian's Office intelligence bureaus in Los Angeles
23 and Washington, D.C. in 1977, and resulting criminal prosecutions
24 over the next few years of eleven intelligence operatives or
25 execs, including Mary Sue Hubbard, of Black PR operations and
26 campaigns run against Hubbard's and the organization's enemies.
27 The Guardian's Office in Scientology from 1966 through 1981, under
28 Hubbard's direction, controlled Scientology "legal," "public

1 relations" and "intelligence" functions. In 1982 the Guardian's
2 Office was renamed the Office of Special Affairs, and retained its
3 legal, public relations and intelligence functions. Through
4 time it dawned on me that a Black PR campaign was run on anyone
5 who left the organization, and that we inside Black PRed each
6 other. After more than ten years inside Scientology I came to see
7 that Black PR; i.e., "a covert attack on the reputation of a
8 person, company or nation, using slander and lies in order to
9 weaken or destroy" (Ex. O, p. 179, Section "What is Black
10 Propaganda,") is so common in Hubbard's organizational writings
11 and the internal day-to-day communications of the Scientology
12 organization, that most organization members become desensitized
13 to Black PR's viciousness and destructiveness and do not realize
14 that they are being bombarded with it and are practicing in it.

15 During my last two years inside the organization, while
16 posted in Hubbard's Personal Public Relations Bureau, I assembled
17 an archive of Hubbard's unpublic writings and other documents and
18 worked as a researcher with a writer, Omar Garrison, who had been
19 contracted to write Hubbard's biography. I concluded after my
20 years inside Scientology and that two-year period with Hubbard's
21 papers that throughout his life he had used Black PR as a common
22 solution to his many problems with perceived critics and
23 opponents. I also concluded that Hubbard and his organization had
24 other weapons of abuse and that he and they were dangerous. Some
25 of these Hubbard papers became the subject of the Armstrong I
26 litigation, Scientology v. Armstrong, LASC No. C 420153. Judge
27 Breckenridge, who presided at the trial wrote in his decision
28 about the documentary evidence concerning Hubbard:

1 "The writings and documents in evidence
2 additionally reflect his egoism, greed, avarice, lust
3 for power, and vindictiveness and aggressiveness against
4 persons perceived by him to be disloyal or hostile."

5 Scientology has carried on a Black PR campaign against me
6 ever since I left in 1981. It has also carried on a campaign
7 against me in the courts. I have been involved in Scientology
8 litigation since 1982, am aware of the organization's reputation
9 in our court system for viewing litigation as war, and have been
10 one of Scientology's main targeted enemies in its war.

11 "SECTION 5" in "Who is Gerald Armstrong?" contains the same
12 allegations made by Scientology in its complaint in this case;
13 i.e., that to avoid paying the organization the damages it was
14 entitled to I had conspired with Michael Walton and others to
15 fraudulently convey all my property. This is Black PR; it is a
16 fabric of lies, the source of which remains hidden, intended to
17 attack and hurt my reputation.

18 Scientology has maintained throughout this case that the
19 information on which it bases the allegations made in "SECTION 5"
20 comes from discovery I provided, either in deposition or in
21 documents produced. "SECTION 5" is woven into more lies in "Who is
22 Gerald Armstrong?" e.g., that the illegal videotaping of me was
23 "police-sanctioned," that I "planned to tell the IRS office in Los
24 Angeles to conduct a raid" of Scientology, that I wanted to file
25 "a civil suit based on evidence that [I] would manufacture," that
26 I "instructed "Joey" (David Kluge) how to lie under oath."

27 Scientology has also taken the opportunity with "Who is
28 Gerald Armstrong?" to weave in some Black PR about my attorney,

1 Ford Greene; e.g., that he is "a long-time attacker of religious
2 movements," that he "has a history of using frivolous litigation
3 tactics to delay and prevent cases from being tried," and that he
4 was forced to pay \$6,167.23 in sanctions" to some attorney. All
5 of these things are lies.

6 The document "Who is Gerald Armstrong?" has been distributed
7 to the media, and to anyone in the world Scientology can induce to
8 read or listen to its calumnies. I believe there is no limit to
9 the amount the source of this document will spend of Scientology's
10 "charitable corporation," tax-exempt money to destroy me and my
11 reputation.

12 "Who is Gerald Armstrong?" is unsigned in order to shield its
13 source. Its actual source, the source of all the lies therein,
14 and responsible for this document's dissemination and the
15 dissemination of all of Scientology's Black PR, who remains
16 hidden, but whose Black PR orders, operations and proclivities are
17 well known, is Scientology supreme ruler, David Miscavige. Before
18 him L. Ron Hubbard was the source of Scientology's Black PR
19 operations, campaigns and group mindset.

20 Scientology, under Miscavige's direction, has used its
21 litigation with me to develop, manufacture and spread its Black PR
22 about me, as well as those who would defend or befriend me. In
23 this, Scientology abuses the legal process. It seeks a collateral
24 advantage over me in order to assassinate my character, or as
25 Scientology says, to "DA" me, in the marketplace of ideas.

26 9. Attached hereto and incorporated herein are true and
27 correct copies of the following items:

28 EXHIBIT 1(A): Deposition testimony of Lynn Farny ("Farny"),

- 1 Secretary and corporate representative of
2 Plaintiff CSI;
- 3 EXHIBIT 1(B): Declaration of Gerald Armstrong executed
4 February 22, 1994 and Exh. B thereto,
5 Declaration of Gerald Armstrong executed
6 February 20, 1994 (also entitled "Build a
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EXHIBIT 1(O): Hubbard Communications Policy Letter "How to Handle Black Propaganda - Rumors and Whispering Campaigns;"

EXHIBIT 1(P): Hubbard Communications Policy Letter "Black PR."

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed at San Anselmo, California, on August 26, 1994.

A handwritten signature in black ink, appearing to read 'G. Armstrong', is written over a horizontal line. The signature is somewhat stylized and includes a large loop.

GERALD ARMSTRONG

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PROOF OF SERVICE

I am employed in the County of Marin, State of California. I am over the age of eighteen years and am not a party to the above entitled action. My business address is 711 Sir Francis Drake Boulevard, San Anselmo, California. I served the following documents: EVIDENCE IN SUPPORT OF GERALD ARMSTRONG'S OPPOSITION TO MOTION FOR SUMMARY JUDGMENT

on the following person(s) on the date set forth below, by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid to be placed in the United States Mail at San Anselmo, California:

LAURIE J. BARTILSON, ESQ.
Bowles & Moxon
6255 Sunset Boulevard, Suite 2000
Los Angeles, California 90028

EVIDENCE WITHOUT EXHIBITS
BY TELECOPIER (213)993-4414

Andrew Wilson, Esquire
WILSON, RYAN & CAMPILONGO
235 Montgomery Street, Suite 450
San Francisco, California 94104

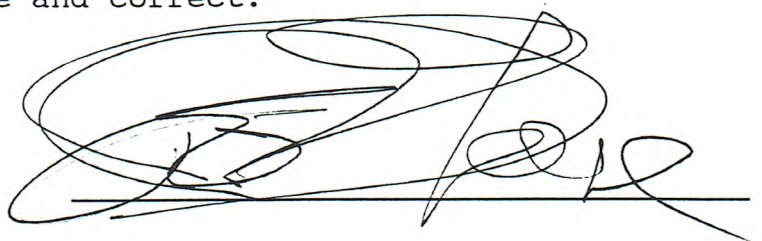
MICHAEL WALTON, ESQ.
707 Fawn Drive
San Anselmo, CA 94960

(By Mail) I caused such envelope with postage thereon fully prepaid to be placed in the United States Mail at San Anselmo, California.

(Personal) I caused said papers to be personally service on the office of opposing counsel.

(State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

DATED: August 27, 1994



IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF MARIN

---oOo---

COPY

CHURCH OF SCIENTOLOGY
INTERNATIONAL, a California
not-for-profit religious
corporation,

Plaintiff,

vs.

GERALD ARMSTRONG; MICHAEL
WALTON; THE GERALD ARMSTRONG
CORPORATION, a California for
profit corporation; DOES 1
through 100, inclusive,

Defendants.

AND RELATED CROSS-ACTION.

NO. 157-680

DEPOSITION OF:

LYNN R. FARNY

Monday, July 11, 1994

VOLUME I

Reported by:
PENNY L. GILMORE
CSR NO. 4724

PENNY L. GILMORE & ASSOCIATES
DEPOSITION REPORTERS
P.O. BOX 862
ROSS, CALIFORNIA 94957
(415) 457-7899

1 in the document production in this litigation.

2 THE WITNESS: Your question, sir?

3 MR. WALTON: Q. Was this document produced in
4 response to a document request in this litigation?

5 MR. MOXON: Hold on a second, let me take a look
6 at it.

7 THE WITNESS: It appears to be a document
8 produced in this litigation, yes.

9 MR. WALTON: Q. Could you tell me the origin of
10 this document?

11 A. How's that?

12 Q. The origin, can you tell me the origin, where
13 the document came from?

14 A. It came from us.

15 Q. Who prepared it? "From us," you mean the
16 plaintiff?

17 A. Yes, the plaintiff. Various staff of CSI. This
18 looks like my writing in terms of content. It's a
19 typewritten document.

20 Q. Who would have directed this document to be
21 produced?

22 MR. MOXON: Who would have?

23 MR. WALTON: Q. Who did, if you know?

24 MS. BARTILSON: Objection, assumes facts not in
25 evidence that someone directed it to be written.

1 THE WITNESS: I don't remember. Save you a
2 second question, I don't remember.

3 MR. GREENE: Why don't we mark this as an
4 exhibit since you are asking questions about it?

5 (Whereupon Defendant's Exhibit number 1
6 was marked for identification.)

7 MR. WALTON: Q. What part of this appears to be
8 your writing?

9 A. Or was in an earlier incarnation. The material
10 from the Griffith Park tapes, the material discussing the
11 breaches. The material concerning Ford Greene does not
12 appear to be originated from something I wrote. And,
13 again, as to the earlier portions of it it was either --
14 there was an earlier incarnation of this that this
15 material came from a draft, if you will.

16 Q. This is a document entitled Who Is Gerald
17 Armstrong. That's, I believe, your document number 200298
18 on page one. Is that Scientology-marked numeration?

19 A. If we produced it, which I believe we did, it
20 would have been our Bates stamp. It goes, for clarity,
21 through 200302. Ford is happy with that.

22 Q. I understand that the section representations
23 referred to attachments that were produced when this
24 original document was produced.

25 A. I don't remember. I see references to sections

1 but I don't remember.

2 Q. So this, when you did that production aspect of
3 this document that you did, was that within the Legal
4 Bureau?

5 MR. MOXON: Objection.

6 THE WITNESS: Try again.

7 MR. MOXON: It's vague and ambiguous.

8 THE WITNESS: I'm sorry, try again. I don't
9 understand.

10 MR. WALTON: Q. I'm trying to find out if you
11 don't really know where it was generated but you did some
12 work on it and you don't know who directed it to be done,
13 I'm striving to sort of figure out, narrow down where it
14 came from.

15 A. I'm not tracking with you at all. Let's rewind
16 and start over.

17 Q. Let's start over. If I repeat a question,
18 forgive me.

19 Do you have any idea why this document was
20 produced?

21 MS. BARTILSON: Objection, vague and ambiguous.
22 You mean produced to Ford Greene in this litigation?

23 MR. WALTON: Produced originally.

24 Q. Why did Scientology put together a document like
25 this? Can you explain to me so I understand why?

1 A. It was compiled so we would have a concise
2 statement so as to respond to Gerald Armstrong's many
3 media appearances and other statements he was uttering in
4 violation of his settlement agreement. So it was prepared
5 so we would have a response to communicate the truth,
6 things which Gerry tends to leave out of the things he
7 says.

8 Q. This is a press release?

9 A. Where did you get that? Is the question is this
10 a press release? No.

11 Q. What would you characterize this document as?

12 A. A pack of information.

13 Q. What is a dead agent pack?

14 A. I was wondering if you were going to get an
15 answer to that. I assume that was part of the overruled
16 objection earlier, or was the objection to your second
17 question that you went to before that? Is there one?

18 MR. MOXON: I object as to relevance. What's
19 the relevance to this case what this term is?

20 MR. WALTON: I suspect that a Scientologist can
21 speak for a long period of time without me understanding
22 anything that's going on because of the sort of sub-
23 language that exists in Scientology, some of which I read
24 and don't understand. I need to understand some of the
25 basic things that go on, some of the basic language. I

1 just want to know what it is. If this is it, I want to
2 know that, too.

3 First of all, I want to know what a dead agent
4 pack is.

5 MR. MOXON: Again, I object. What's the
6 relevance to this lawsuit? What does this term have to do
7 with this lawsuit? I don't understand.

8 MR. BENZ: I don't know what a dead agent pack
9 is so I can't really rule on this except does it appear in
10 here? Does it appear someplace? From whence does it
11 come?

12 MR. ARMSTRONG: I would be happy to answer that.

13 THE WITNESS: As would I on the record. Gerry,
14 you're not in deposition.

15 MR. BENZ: I need Mr. Walton to explain to me
16 why he needs it defined.

17 MR. WALTON: From my understanding, but then,
18 again, I'm not sure about this, a dead agent pack and
19 black propaganda are two ways that I'm told that
20 Scientology attacks its perceived enemies, and there is an
21 attack on me in this document that was produced as a
22 response to a document production in this litigation. I'm
23 trying to find out what this document is and why there's
24 an attack on me in it.

25 MR. MOXON: There's no attack of you in this

1 document, for one.

2 MR. BENZ: If you want to ask something was this
3 produced as part of a dead agent pack plan or something,
4 fine. Without more on what dead agent pack means I
5 can't --

6 MR. MOXON: Why don't we let the witness give a
7 definition so we can get back to the deposition.

8 THE WITNESS: The phrase "dead agent pack" is
9 slang. It refers to a pack which compiles the truth about
10 someone who's been telling lies, and the term springs from
11 Sun Tsu's book on war and wherein he describes various
12 different types of agents and one which he describes as
13 dead agent is one who's been feeding lies whose lies have
14 been exposed; and as an information source he is dead in
15 the eyes of the individuals to whom he has been spreading
16 false information.

17 That book was written several centuries ago. In
18 those days he was dead more that just as an information
19 source. But today it's slang for information pack which,
20 if you will, communicates the truth about the individual
21 in such a way that their credibility with the source to
22 whom they have been spreading false information no longer
23 exists.

24 MR. BENZ: Can I ask one question in case this
25 comes up again? You are talking a pack?

1 THE WITNESS: P-A-C-K, package. This is a
2 several page memo which would have documentation attached.

3 MR. BENZ: I wasn't sure about the word pack or
4 pact, whatever.

5 MR. WALTON: Q. Is this a dead agent pack?

6 A. No, it's a cover write-up but there's no package
7 of information with it.

8 Q. I'm sort of at a disadvantage because I haven't
9 been served with these documents. It's my understanding
10 there were a number of documents such as four, five, six,
11 seven, eight, nine, number of sections that are referred
12 to that Ford --

13 A. Ford doesn't indicate it's attached; just says
14 "video available."

15 Q. In the original that was produced to Mr.
16 Armstrong's attorney, would you consider the original as a
17 dead agent's pack?

18 A. As I testified, I don't remember if we produced
19 the package of information that goes with it. If we did,
20 I would have, yes.

21 Q. Is that the same thing as black propaganda?

22 A. No.

23 Q. Could you tell me what black propaganda is?

24 A. Black propaganda is what one is trying to
25 correct when one compiles a dead agent pack. It's when

1 someone is spreading lies about someone to destroy their
2 reputation. The way you deal with that is document the
3 truth, and then the people to whom the black propaganda
4 has been spread hopefully no longer believe the lies.

5 Q. Do you have any knowledge of the entities to
6 whom this document was disseminated?

7 A. Not really.

8 Q. Are there any records to show what entities to
9 whom this document would have been disseminated?

10 A. No, it no longer would have been kept. It would
11 have been disseminated where needful to correct false
12 reports. I don't remember to whom it was disseminated.

13 Q. On page Bates-stamped 200301, the last line of
14 the fifth full paragraph, it says "Walton also knew of
15 Armstrong's intention to breach the agreement and was thus
16 fully aware of the fraudulent nature of the conveyance."
17 Do you see that line?

18 A. Yes.

19 Q. Is that a line that you wrote?

20 A. Possibly.

21 Q. Could you briefly outline what facts Scientology
22 has in their possession that would support this statement?

23 A. There's a statement in the first half of the
24 sentence and a conclusion in the second half. I assume
25 you want the first half. The second half of the sentence

1 flows from the first half; the basis for the second half
2 of the sentence is the first half of the sentence. You
3 want the basis for you knew his intention to breach the
4 agreement?

5 Q. That's correct.

6 A. I saw you stand up in court when he tried to
7 appear in the RTC v. YANNY trial of March '90 where we
8 outlined the entire argument of Armstrong striving to
9 breach the settlement agreement. This was prior to him
10 divesting himself of his assets to you.

11 There's also been deposition testimony from your
12 co-defendant that you were aware of his breaches of the
13 settlement agreement, at least some of them. So that's
14 the basis for that. As I said, the second half of the
15 sentence is a conclusion based on the facts underlined in
16 the first half.

17 Q. Let's read the first half: "One of the
18 recipients of Armstrong's assets was an attorney named
19 Walton."

20 A. No, no, no, first half of this sentence:
21 "Walton also knew of Armstrong's intention to breach the
22 agreement," that's what I'm talking about. Then the
23 conclusion that flows from that is, "...was thus fully
24 aware of the fraudulent nature of the conveyance."

25 That was a conclusion based on your knowledge of

1 his breaches of the settlement agreement.

2 Q. I'm sorry, I didn't quite understand your
3 response. The initial part of the response had to do with
4 some incident where I stood up at a Yanny --

5 A. When Armstrong appeared, or sought to appear as
6 a witness at the Yanny trial, you were there with him. I
7 don't remember if you made an appearance but you were
8 there in the courtroom with him. I believe you did
9 introduce yourself. The entire argument of why he should
10 not be permitted to testify was laid out and the fact that
11 it violated his settlement agreement, et cetera. So...

12 Q. Who made that argument?

13 A. Counsel for the Church. I believe it was either
14 Earl Grew or Bill Gresham, counsel for the Church, who was
15 was trying that case.

16 Q. What did that indicate to the Church with
17 respect to me in this litigation?

18 A. It indicated that you were aware of our position
19 as regards Armstrong's breaches of the settlement
20 agreement. That's all I indicated at that time.

21 You asked what my foundation was for Walton also
22 knew of Armstrong's intention to breach. I listed that as
23 one of the issues because I happened to be there that day
24 and saw you receive the information --

25 Q. Excuse me, let me --

1 A. -- of deposition question.

2 Q. You are confusing me. I don't mean to interrupt
3 you, but I'm not sure how that indicia of that set of
4 circumstances that you just testified to, is indicia of
5 Armstrong's --

6 A. Intention to breach.

7 Q. -- intention to breach.

8 MR. MOXON: Do you have a question?

9 MR. WALTON: He's going to explain to me how it
10 is.

11 MR. MOXON: If you want to ask a specific
12 question... You are asking for a legal conclusion. You
13 asked for a fact. He gave you reasons why he believed
14 that. It's been asked and answered. I object on that
15 basis. If you have a specific question, go ahead.

16 MR. BENZ: I'll sustain the objection.

17 MR. WALTON: Q. Are there any other facts that
18 Scientology has that indicate that I knew of, that I was
19 fully aware of the fraudulent nature of the conveyance?

20 A. Without limitations, because there's been
21 discovery exchanged back and forth in this case and
22 there's been deposition testimony by your co-defendant
23 that you knew of his breaches of the settlement agreement.
24 So I don't want to limit the evidence available in the
25 case that's already on the record by way of this memory

1 CERTIFICATE OF DEPOSITION OFFICER

2
3 I, PENNY L. GILMORE, duly authorized to
4 administer oaths pursuant to Section 8211 of the
5 California Code of Civil Procedure, do hereby certify
6 that LYNN ROBERT FARNY, the witness in the foregoing
7 deposition, was by me duly sworn to testify the truth, the
8 whole truth and nothing but the truth in the
9 within-entitled cause; that said deposition was taken at
10 the time and place herein stated, that the testimony of
11 said witness was reported by me, a Certified Shorthand
12 Reporter and a disinterested person, and was thereafter
13 transcribed into computer-assisted transcription under my
14 direction.

15 I further certify that I am not of counsel or
16 attorney for either or any of the parties in the foregoing
17 deposition and caption named, nor in any way interested in
18 the outcome of the cause named in said caption.

19 IN WITNESS WHEREOF, I have hereunto set my hand
20 this 6th day of August 1994.

21
22 DEPOSITION OFFICER, CSR NO. 4724

23 I hereby certify this copy is a
24 true and exact copy of the
Original.

25 *Penny L. Gilmore*
DEPOSITION OFFICER, CSR NO. 4724

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF MARIN

---oOo---

CHURCH OF SCIENTOLOGY
INTERNATIONAL, a California
not-for-profit religious
corporation,

Plaintiff,

vs.

GERALD ARMSTRONG; MICHAEL
WALTON; THE GERALD ARMSTRONG
CORPORATION, a California for
profit corporation; DOES 1
through 100, inclusive,

Defendants.

AND RELATED CROSS-ACTION.

COPY

NO. 157-680

DEPOSITION OF:

LYNN R. FARNY

Tuesday, July 12, 1994

VOLUME II

Reported by:
PENNY L. GILMORE
CSR NO. 4724

PENNY L. GILMORE & ASSOCIATES
DEPOSITION REPORTERS
P.O. BOX 862
ROSS, CALIFORNIA 94957
(415) 457-7899

1 Watchdog Committee, CMO International -- that means
2 Commodore Messenger Organization International, right?

3 A. Commodore Messenger Organization International
4 is the correct word for that.

5 Just, before you go on, I didn't put Officers
6 Council as one of the organizations under CSI. It meets
7 yearly to decide on promotions, so I wouldn't consider it
8 a formal organization. It's made up of individuals within
9 these other organizations.

10 Q. So these are the organizations within CSI; they
11 are Sea Organization organizations?

12 A. Right, meaning all of the staff members of those
13 organizations also happen to be members of the Sea
14 Organization.

15 Q. Now you know David Miscavige, don't you?

16 A. Yes.

17 Q. And David Miscavige is a Sea Organization
18 member, correct?

19 A. Yes.

20 Q. What is his label?

21 A. Label? Human being.

22 Q. I know he's a human being. Thank you for
23 reminding me.

24 A. You are welcome.

25 Q. What's his post?

1 A. Chairman of the Board of Directors of Religious
2 Technology Center.

3 Q. To your knowledge, is there any individual in
4 the religion of Scientology who is alive that holds more
5 authority than David Miscavige?

6 MS. BARTILSON: Objection, vague and ambiguous.
7 Alive to do what?

8 THE WITNESS: Authority is such an often misused
9 word, especially in Gerry's counter-claim. I would like
10 to define the parameters of that question a little bit
11 before I answer it.

12 MR. GREENE: Q. Actually, since I am asking the
13 questions and you are answering, let me try to assist you.

14 A. Okay.

15 Q. You have an understanding of the term authority,
16 right?

17 A. I do.

18 Q. Is it fair to say that within your understanding
19 of that term is included the meaning of one person issuing
20 an order and another person complying with it?

21 A. Yes.

22 Q. Limiting your answer to that understanding, is
23 there anyone in Scientology who, to your knowledge, gives
24 orders to David Miscavige?

25 A. No.

1 Q. To your knowledge, is there any post in the Sea
2 Organization senior to that of Chairman of the Board of
3 RTC?

4 A. There aren't any posts in the Sea Organization
5 as the Sea Organization. There are posts within the
6 churches that make up the Sea Organization.

7 Q. Let me ask it this way: In the overall
8 Scientology religion is there any post senior to Chairman
9 of the Board of RTC?

10 A. No.

11 Q. So overall in Scientology worldwide the highest
12 position is Chairman of the Board of RTC?

13 A. It's the senior position in the religion, yes.

14 MS. BARTILSON: Is this a convenient time to
15 request a break? Whenever you have a convenient moment.

16 (Discussion off the record.)

17 MR. GREENE: Q. Now, is it fair to say that
18 part of what OSA legal is charged with doing is handling
19 ecclesiastical matters?

20 A. What?

21 Q. Let me --

22 A. Vague and ambiguous.

23 Q. You don't understand? I know your deposition
24 has been taken before. It's a really difficult subject
25 matter. If you don't understand me, I know you will tell

1 CERTIFICATE OF DEPOSITION OFFICER

2
3 I, PENNY L. GILMORE, duly authorized to
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11 said witness was reported by me, a Certified Shorthand
12 Reporter and a disinterested person, and was thereafter
13 transcribed into computer-assisted transcription under my
14 direction.

15 I further certify that I am not of counsel or
16 attorney for either or any of the parties in the foregoing
17 deposition and caption named, nor in any way interested in
18 the outcome of the cause named in said caption.

19 IN WITNESS WHEREOF, I have hereunto set my hand
20 this 7th day of August 1994.

21
22 DEPOSITION OFFICER, CSR NO. 4724

23 I hereby certify this copy is a
24 true and exact copy of the
25 Original.

Penny L. Gilmore
DEPOSITION OFFICER, CSR NO. 4724

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF MARIN

---oOo---

COPY

CHURCH OF SCIENTOLOGY)
INTERNATIONAL, a California)
not-for-profit religious)
corporation,)

Plaintiff,)

vs.)

GERALD ARMSTRONG; MICHAEL)
WALTON; THE GERALD ARMSTRONG)
CORPORATION, a California for)
profit corporation; DOES 1)
through 100, inclusive,)

Defendants.)

AND RELATED CROSS-ACTION.)

NO. 157-680

DEPOSITION OF:

LYNN R. FARNY

Tuesday, July 26, 1994

VOLUME III

Reported by:
SUSAN M. LYON
CSR NO. 5829

PENNY L. GILMORE & ASSOCIATES
DEPOSITION REPORTERS
P.O. BOX 862
ROSS, CALIFORNIA 94957
(415) 457-7899

1 A. No. What I said is sometimes the issues, executive
2 directives specifically, would have annotated packages
3 that go with them, with the documentary support.

4 Q. I see.

5 A. And sometimes they would not.

6 Q. All right.

7 A. I just don't know with respect to this one.

8 MR. GREENE: I'd like to mark this as Exhibit 19.

9 (Defendant's Exhibit No. 19 marked.)

10 MR. GREENE: Q. I'm showing you Exhibit 19, which
11 is an eight-page document, which is entitled HCO policy
12 letter of 21 November, 1972.

13 You can take a look at that, please.

14 A. Do you want me to read the entire thing or focus on
15 something in particular?

16 Q. Initially, peruse it.

17 A. I've perused it.

18 Q. You're familiar with the term black propaganda, are
19 you not?

20 A. Yes.

21 Q. And looking at the first paragraph of Exhibit 19,
22 does that appear, to your knowledge, to be an accurate
23 definition of black propaganda?

24 A. Yes.

25 Q. Now, in your view, was Gerald Armstrong engaged in

1 MR. GREENE: We're back on the record and are going
2 to conclude today's session and resume tomorrow morning at
3 9:30.

4 Thank you, Mr. Farny.

5 THE WITNESS: Thank you.

6 MR. BOWLES: And, Mr. Greene, so I assume there's a
7 stipulation for these transcripts that the original is
8 coming to the witness?

9 MR. WALTON: No.

10 MR. GREENE: No.

11 THE WITNESS: No. There was a stipulation that we
12 put on the record.

13 MR. WALTON: We can just do the same stipulation as
14 before.

15 MR. GREENE: Let's figure it out off the record.
16 I'm fine with that. I don't care.

17 MR. BOWLES: I don't even know what it is.

18 THE WITNESS: Whatever it is --

19 MR. GREENE: Okay. Thank you.

20 ---oOo---

21 (Whereupon, the deposition was recessed at 4:45
22 p.m. thereof.)

23
24
25

LYNN R. FARNY

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF MARIN

---oOo---

COPY

CHURCH OF SCIENTOLOGY)
INTERNATIONAL, a California)
not-for-profit religious)
corporation,)

Plaintiff;)

vs.)

GERALD ARMSTRONG; MICHAEL)
WALTON; THE GERALD ARMSTRONG)
CORPORATION, a California for)
profit corporation; DOES 1)
through 100, inclusive,)

Defendants.)

AND RELATED CROSS-ACTION.)

NO. 157-680

DEPOSITION OF:

LYNN R. FARNY

Wednesday, July 27, 1994

VOLUME IV

Reported by:
SUSAN M. LYON
CSR NO. 5829

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No. 29	Three-page document entitled Gerald Armstrong, dated April 4, 1991 547

1 Q. Now, directing your attention to Exhibit 26, do you
2 recognize that document?

3 A. Yes.

4 Q. How do you recognize it?

5 A. It appears to be a copy of the police authorization
6 for the investigation we've been talking about.

7 Q. And to the best of your knowledge, is that a true
8 and correct copy?

9 A. It appears to be.

10 Q. And you've seen it many times before, haven't you?

11 A. Yes.

12 Q. When was the first time that you saw it,
13 approximately?

14 A. I think in the spring of '85.

15 Q. And Exhibit 26, that was the authorization for this
16 videotaping of Armstrong; right?

17 A. Yes.

18 Q. And therefore, in the past in declarations you have
19 stated that the police have authorized the investigation
20 and videotaping of Gerald Armstrong; correct?

21 A. I may have covered that.

22 Q. Do you recall covering that?

23 A. Probably is the best I can say, I probably covered
24 that.

25 Q. Rodriguez, in fact, did not have authorization to

1 issue Exhibit 26, did he?

2 A. That's false.

3 Q. That's false, okay.

4 A. If you want to ask me the next question, I can
5 explain what happened, but that's false.

6 MR. GREENE: Well, let's mark another exhibit as
7 Exhibit 27.

8 (Defendant's Exhibit No. 27 marked.)

9 THE WITNESS: Ah, you are going to ask me the next
10 question.

11 MR. GREENE: Q. Exhibit 27 purports to be a public
12 announcement by Daryl F. Gates, Chief of Police, Los
13 Angeles, April 23, 1986.

14 Have you seen this document before?

15 A. Yes.

16 Q. And did you first see this document in 1985 about
17 the same time you saw Exhibit 26?

18 A. No, I saw Exhibit 26 before I saw Exhibit 25.

19 Q. And Exhibit 27 is a repudiation by the Chief of
20 Police of Los Angeles of the purported authorization made
21 to Eugene Ingram by Rodriguez, is it not?

22 A. Well, it's an attempt to rewrite history and claim
23 Rodriguez was not authorized in his act, which Gates wrote
24 after a couple of CID agents from the IRS paid him a visit
25 and threatened him, and also stemming from his, what mos

1 charitably can be described as ill will against Eugene
2 Ingram. But that doesn't -- you know, rewriting history
3 with this doesn't change the fact that at the time it was
4 performed, the videotaping was properly authorized.

5 Q. Has, to your knowledge, Chief Gates' public
6 announcement ever been retracted?

7 A. Not by him. That guy wouldn't repudiate anything.
8 No, but he can't rewrite history after the fact.

9 Q. Now, what did the CID agents say to Gates when they
10 visited him that caused him to disseminate Exhibit 27?

11 A. Well, it's been reported in the press is that they
12 said something to the effect that the train is leaving the
13 station, you better be on it with regards to not
14 acknowledging the validity of the investigation that
15 resulted in our finding out the attempt on the part of
16 these two CID agent to infiltrate the church using Gerry
17 as a pawn.

18 Q. And the press in which that was reported, did that
19 happen to be Freedom magazine or Freedom newspaper?

20 A. No, it happened to be the NBC news, I believe it
21 was.

22 Q. So then your view is that this Exhibit 27 by Gates
23 is false?

24 A. The statements in there that purport to indicate
25 that the videotaping was not properly authorized or that

1 the authorization for the videotaping was not proper are
2 false.

3 Q. Now, you considered Armstrong's intentions with
4 respect to the loyalists to be criminal, did you not?

5 A. I considered what he was doing to be, and I
6 considered his intentions to be wrong. I don't have a
7 particular criminal statute in mind in terms of his
8 intentions. He was not of pure heart, no.

9 Q. The videotapes in this regard were submitted to the
10 court in the initial Armstrong litigation, weren't they?

11 A. Not the first trial in '84, no.

12 Q. After, as part -- preliminary to the litigation or
13 during the course of the litigation of the
14 cross-complaint?

15 A. I think that was one of the places they were
16 submitted. They were also put on a public record in other
17 cases.

18 Q. In Christofferson?

19 A. That was one certainly.

20 Q. That was important.

21 A. The copies were sent to Congress.

22 Q. You sought to have Gerald Armstrong criminally
23 prosecuted for this alleged plot, didn't you?

24 A. I don't remember if a specific criminal complaint
25 was filed on that or not. If it was, it was.

1 Q. That's not the question.

2 A. Well, that's how one would seek to have somebody
3 prosecuted criminally is filing some sort of complaint
4 with law enforcement about specifically, you know,
5 violations on Armstrong's part.

6 I know we tried to have the CID agents involved
7 admonished, certainly, and got them to cease their
8 improper activity.

9 Q. Now, in 1986 you were within the legal division of
10 CSI; right?

11 A. Yes.

12 MR. GREENE: All right. Let me just mark this
13 quickly as Exhibit 28.

14 (Defendant's Exhibit No. 28 marked.)

15 MR. GREENE: Q. Showing you Exhibit 28 --

16 A. Oh, okay.

17 Q. Why don't you look at the exhibit there. This is a
18 13-page document. It's a letter dated April 25th, 1986 on
19 a letterhead of the Office of the District Attorney,
20 County of Los Angeles, to Reverend Ken Hoden, Kathleen
21 Gorgon, Heber Jentsch, John Peterson, David Butterworth,
22 Church of Scientology.

23 You've seen this document before, haven't you?

24 A. Yes, I believe I have.

25 Q. And when did you first see this document?

1 A. Would have been around the date it bears.

2 Q. And this document is a response of the L.A.

3 DA's office to the charge that Armstrong had conspired
4 with Flynn and others to engage in these acts that were
5 videotaped that you said the videotaped showed proof of;
6 right?

7 A. No. The videotape shows proof of the acts. This
8 is a response to a criminal complaint on whether the
9 district attorney's office is going to prosecute --

10 Q. Right.

11 A. -- on the basis of the acts, so this refreshes my
12 recollection that such a complaint was made.

13 Q. That's right. In fact, Scientology sought to have
14 Armstrong criminally prosecuted for the crime of
15 conspiracy to obstruct justice; right?

16 A. Let's see, I see other offenses listed here. I
17 don't see that one listed with regards to Armstrong.

18 Q. Take a look at what's enumerated on page one as
19 paragraph one.

20 A. Oh, I see. All right. That pertains to Chief
21 Gates and IRS Agents Lipkin and Ristuccia.

22 Q. And Gerald Armstrong and Michael Flynn.

23 A. I see Gerald Armstrong there.

24 I was looking at point three which lists the
25 offenses, particularly with respect to Armstrong.

1 All right, yes, the answer to your question is yes.

2 Q. And also with respect to Armstrong that he was, I
3 believe in your words, a pawn who conspired with Internal
4 Revenue Agents Ristuccia and Lipkin to prepare false
5 evidence; right?

6 A. Well, this document discusses the preparation of
7 false documentary evidence, yes.

8 Q. And the solicitation of certain other crimes;
9 right?

10 A. Yes.

11 Q. And in addition, that Armstrong committed
12 extortion?

13 A. Yes.

14 Q. Burglary?

15 A. Well, solicitation of burglary.

16 Q. Solicitation of receiving stolen property?

17 A. Yes.

18 Q. And forgery; right?

19 A. Yes. Well, I think the receiving stolen property
20 and forgery also apply to solicitation of him.

21 Q. Okay.

22 A. Yes.

23 Q. And finally, that Micheal Flynn aided Armstrong in
24 such violations?

25 A. Yes.

1 Q. So this is what the Scientology organization sought
2 to have Armstrong prosecuted for having violated; right?

3 A. Yes, on the basis of the evidence disclosed on the
4 videotapes.

5 Q. And the district attorney's office declined to
6 prosecute --

7 A. They certainly did.

8 Q. -- Armstrong.

9 And this letter is an explanation to the
10 Scientology organization why they so declined; right?

11 A. Well, it's what they said to us. I don't know that
12 if it explains why they declined.

13 MR. GREENE: I'd like to mark next a three-page
14 exhibit that's Bates stamped pages 669 through 671, dated
15 August 4, '91.

16 (Defendant's Exhibit No. 29 marked.)

17 MR. GREENE: Q. Before I go to this exhibit, you
18 were aware of the Christofferson case in Portland; right?

19 A. Yes.

20 Q. And you were aware that the record in that case was
21 sealed; right?

22 A. Yes, after the settlement.

23 Q. Okay.

24 A. But as I said, these tapes were publicly
25 disseminated elsewhere.

1 A. There's nothing in here that I have a problem with

2 Q. Do you know for a fact that Armstrong in the photo
3 referred to in the last paragraph was nude?

4 A. He appears to not have any clothes on. He's
5 sitting behind a global that covers his crotch, so I can't
6 tell behind that, but that is certainly what it appears to
7 be, yes.

8 Q. Now, why do you consider the statement that
9 Armstrong has no relationship to art or artists as true as
10 stated in Exhibit 37?

11 A. That's Eber's opinion. That's not a factual
12 representation, that's his opinion.

13 Q. All right.

14 A. Although, I've seen his art, so I don't necessarily
15 think I disagree with Eber's opinion.

16 Q. You think that Mr. Armstrong is a lousy artist?

17 A. Oh, I don't know. I like the like the big dogs in
18 the shapes of E's, the letter E, but I don't, from what
19 I've seen, consider it serious art in any fashion
20 whatsoever.

21 Q. Now, with respect to the false correction packs,
22 did any of them go to Entertainment Television?

23 A. They may have. I know that Eber communicated with
24 them even beyond this letter, and that the letter itself
25 seems to indicate that there is some sort of documentatio

1 attached, so it very well may have.

2 Q. Did any of the false correction packs go to CNN?

3 A. They may have, because there was communication with
4 CNN at least in March of '92, but I'm not certain what memo
5 or may not have been given them at that time.

6 Q. Do you want to modify your testimony that there's
7 no record of the points to which any of those packets were
8 directed?

9 A. No, not at all. You were asking if we keep some
10 sort of organized index or list or set of documents which
11 would keep track of where they were sent as opposed to a
12 random copy of a letter, so no. The way I understood your
13 question was, do we keep records of where we've sent so
14 that we can then tell somebody we've sent them here, here
15 here and here, no, I don't want to amend that at all.

16 Q. Is there any record whatsoever of the location to
17 which any of the false correction packets were sent?

18 A. I have no idea. Obviously, this letter you just
19 showed me is one such that would fit under that.

20 Q. Were false correction packs sent to the San
21 Francisco Chronicle?

22 A. I don't know.

23 Q. The San Francisco Examiner?

24 A. I don't know.

25 Q. To the Marin County Independent Journal?

1 A. Maybe.

2 Q. Are you familiar with a computer system called
3 Incomm?

4 A. Yes.

5 Q. And Incomm is a part of CSI, isn't it?

6 A. Yes.

7 Q. And Incomm is a computer bank, is it not?

8 A. It's a computer system, it includes a computer
9 bank.

10 Q. And Incomm is a state of the art computer system,
11 isn't it?

12 A. It's a sophisticated computer system. I don't
13 think I would describe it necessarily as absolutely state
14 of the art, but within our means it's certainly as good a
15 system as we could create.

16 Q. And that system has the capability of conducting
17 searches, doesn't it?

18 A. Yes, within certain of the data bases, yes.

19 Q. And all of the data bases of the various
20 departments within Scientology are components of Incomm;
21 isn't that right?

22 A. No, that's not right at all.

23 Q. Legal is hooked up to it; is that correct?

24 A. That's correct.

25 Q. And public relations is hooked up to it, isn't it?

1 Q. How does plaintiff know that I'm a conspirator, a
2 co-conspirator with Armstrong?

3 A. It's our position that you were involved in
4 arranging Armstrong fraudulently conveying the money and
5 the house you received.

6 Q. And how was I involved?

7 A. You worked it out with Armstrong. I'm sure it was
8 at his direction but the two of you worked it out.

9 Q. But worked what out? Could you be more precise?

10 A. Him divesting himself of his interest in the house
11 to hide the fact that he has those assets. He continued
12 to live in the house for at least a year after that.
13 There's documents produced in this case, correspondence
14 between the two of you, where Armstrong is saying that,
15 you know, even though he's divesting himself of these
16 assets, nothing really is going to change.

17 Q. Anything else?

18 A. Those are what I can recall sitting here.

19 Q. What are the details of the conspiracy?

20 A. Beyond what I've said?

21 Q. Yes.

22 A. Well, as simply put as I can, Armstrong had the
23 intention to disregard the settlement agreement that
24 gradually increased in intensity, I'd say, from around
25 '88, '89, through the beginning of '90.

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I, SUSAN M. LYON, a Certified Shorthand Reporter in and for the State of California, do hereby certify:

That the witness named in the foregoing deposition was present and duly sworn to testify the truth in the within-entitled action on the day and date and at the time and place therein specified;

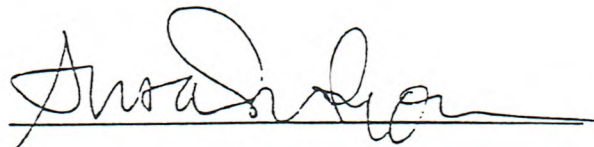
That the testimony of said witness was reported by me in shorthand and was thereafter transcribed under my direction into typewriting;

That the foregoing constitutes a full, true and correct transcript of said deposition and of the proceedings which took place;

That the witness was given an opportunity to read and, if necessary, correct said deposition and to subscribe the same;

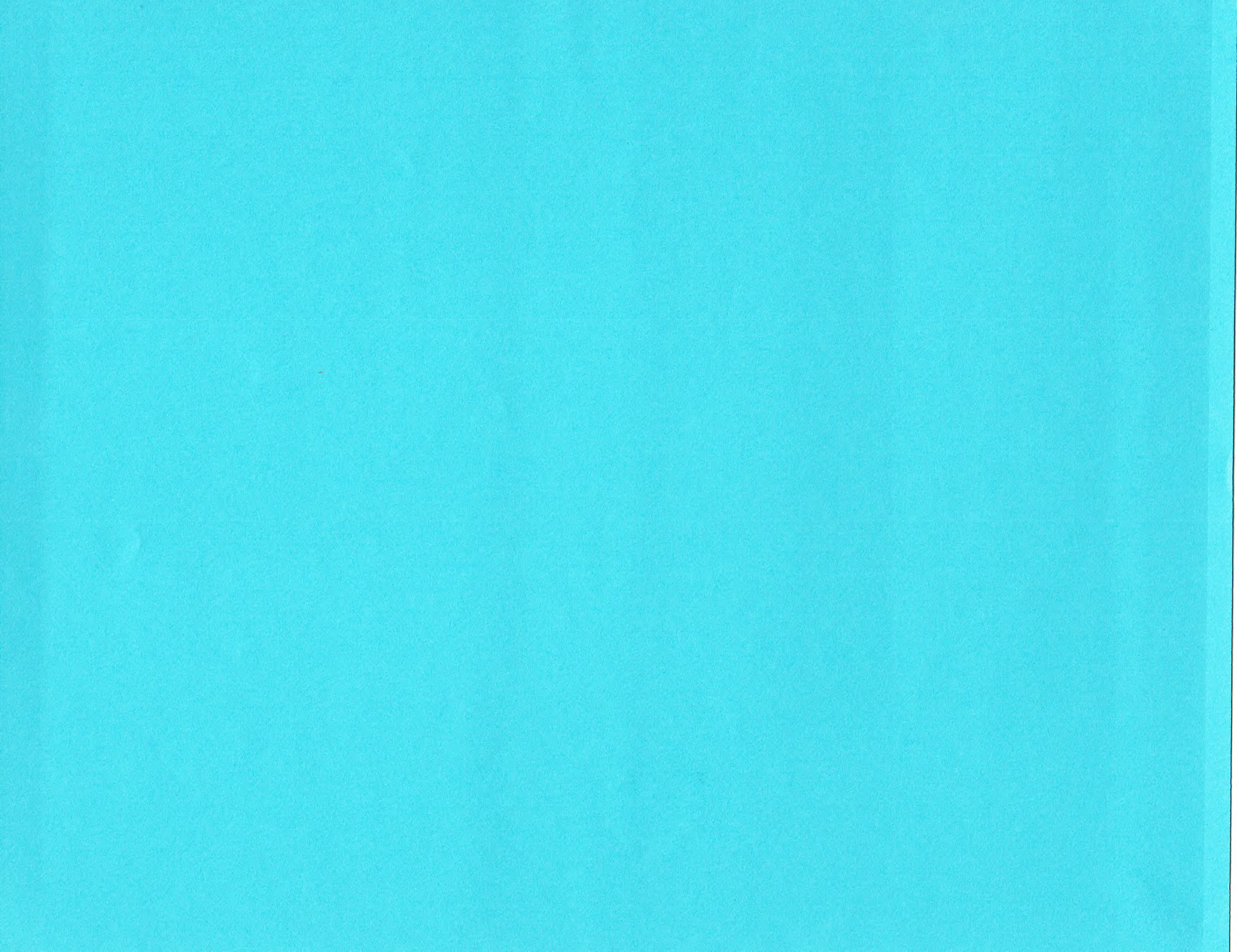
That I am a disinterested person to the said action;

IN WITNESS WHEREOF, I have hereunto subscribed my hand this 8th day of August 1994.



SUSAN M. LYON

CSR #5829



1 day, when, for example there are a couple of unidentified
2 men at four a.m. outside the person's bedroom window where
3 no men ought to be at four a.m., and not afraid on another
4 day, when the person is, for example, watching the Dodgers
5 beat the Giants. That the person claimed to be afraid at
6 four a.m Sunday and not afraid at the Wednesday ballgame
7 does not make that person a proven liar. In my case there
8 were more than two years between one time when I was afraid
9 and the next occasion when Mr. Miscavige says I said I was
10 not afraid.

11 5. In his decision, a true and correct copy of which
12 is appended hereto as Exhibit A, Judge Breckenridge states:

13 "From his extensive knowledge of the
14 covert and intelligence operations
15 carried out by the Church of Scientology
16 of California against its enemies
17 (suppressive persons), Defendant
18 Armstrong became terrified and feared
19 that his life and the life of his wife
20 were in danger, and he also feared he
21 would be the target of costly and
22 harassing lawsuits."

23

24 "It was thereafter, in the summer of
25 1982, that Defendant Armstrong asked Mr.
26 Garrison for copies of documents to use
27 in his defense and sent the documents to
28 his attorneys, Michael Flynn and Contos

1 & Bunch.

2 After the within suit was filed on
3 August 2, 1982, Defendant Armstrong was
4 the subject of harassment, including
5 being followed and surveilled by
6 individuals who admitted employment by
7 [Scientology]; being assaulted by one of
8 these individuals; being struck bodily
9 by a car driven by one of these
10 individuals; having two attempts made by
11 said individuals apparently to involve
12 Defendant Armstrong in a freeway
13 automobile accident; having said
14 individuals come onto Defendant
15 Armstrong's property, spy in his
16 windows, create disturbances, and upset
17 his neighbors." (Ex. A. Appendix p. 14,
18 1. 6 - p. 15, 1. 3)

19 6. It is clear that Judge Breckenridge in his
20 statements about my fear of organization legal and extra-
21 legal attacks is referring to my state of mind in the period
22 between the organization's publication of its "Suppressive
23 Person Declares" on me in early 1982 and its filing of
24 Armstrong I in August, 1982. This fear was not irrational
25 or unfounded as the organization itself proved when it
26 harassed my wife and me as Judge Breckenridge found, and did
27 file harassing and costly lawsuits against me. All of these
28 harassing and criminal acts were carried out during Mr.

1 Miscavige's control of such activities, which he claims to
2 have wrested from the Guardian's Office, which, itself, just
3 as he himself, according to Mr. Miscavige "used unscrupulous
4 means to deal with people they perceived as enemies of the
5 Church." (Miscavige dec. p. 17, l. 17).

6 7. Mr. Miscavige's new Guardian's Office, the Office
7 of Special Affairs, did not end its criminal and abusive
8 tactics with the incidents listed by Judge Breckenridge, but
9 has added ten more years of "fair game" attacks since the
10 1984 decision, including, but not limited to:

- 11 a. attempted framing by entrapment and illegal
12 videotaping;
- 13 b. filing false criminal charges with the Los Angeles
14 District Attorney;
- 15 c. filing false criminal charges with the Boston
16 office of the FBI;
- 17 d. filing false declarations;
- 18 e. bringing contempt of court proceedings on three
19 occasions based on false charges;
- 20 f. making false accusations in internationally
21 published media of crimes, including crimes
22 against humanity;
- 23 g. culling and disseminating information from my
24 supposedly confidential auditing (psychotherapy)
25 files;
- 26 h. relentlessly attacking my attorney, Michael Flynn
27 of Boston, Massachusetts with some 15 lawsuits,
28 baseless bar complaints, theft of office

1 documents, infiltration of his law practice,
2 framing him with the forgery of a \$2,000,000
3 check, an international black PR campaign, threats
4 to him and his family, and, according to him,
5 attempted assassination; all for the purpose of
6 driving him out of the organization-related
7 litigation in order to leave his clients
8 undefended against the organization's attacks;
9 i. fraudulently promising to discontinue "fair game"
10 against me if I settled my cross-complaint against
11 the organization, knowing full well that it would
12 continue to attack me in the courts and the
13 marketplace of ideas once I signed its settlement
14 contract, which I did in December, 1986, and once
15 it had contracted with Mr. Flynn to not defend me
16 in future litigation;
17 j. following the settlement, publishing a false and
18 unfavorable description of me in a "dead agent"
19 pack relating to writer and anti-Scientology
20 litigant Bent Corydon;
21 k. filing several affidavits in the case of Church of
22 Scientology of California v. Russell Miller and
23 Penguin Books Limited, case no. 6140 in the High
24 Court of Justice in London England which falsely
25 accused me of violations of court orders, and
26 falsely labeled me "an admitted agent provocateur
27 of the U.S. Federal Government";
28 l. delivering copies of an edited version of an

- 1 illegally obtained 1984 videotape of me to the
2 international media;
- 3 m. threatening me with lawsuits on six occasions if I
4 did not abet its obstruction of justice in the
5 Miller case, in the case of Bent Corydon v.
6 Scientology, Los Angeles Superior Court No. C
7 694401, wherein Corydon had subpoenaed me as a
8 witness, and in the case of Scientology v. Yanny,
9 Los Angeles Superior Court No. C 690211;
- 10 n. threatening to release my confidences, which it
11 had stolen from a friend, and which had been
12 specifically sealed by Judge Breckenridge in
13 Armstrong I if I did not assist it in preventing
14 Corydon from gaining access to the Armstrong I
15 court file;
- 16 o. on February 4, 1992, filing a lawsuit, Scientology
17 v. Gerald Armstrong, Marin Superior Court Case No.
18 152229 ("Armstrong II"), transferred to Los
19 Angeles Superior Court and given Case No. BC
20 052395, alleging contract breaches, which it
21 itself precipitated, for the purposes of, inter
22 alia, obstructing justice, suppressing evidence,
23 assassinating my reputation, retaliation and
24 intimidation;
- 25 p. on July 8, 1993, filing a lawsuit Scientology v.
26 Gerald Armstrong & The Gerald Armstrong
27 Corporation, Los Angeles Superior Court Case No.
28 BC 084642 ("Armstrong III") for the same purposes

1 as in o. above;

2 q. on July 23, 1993, filing a lawsuit, Scientology v.
3 Gerald Armstrong, Michael Walton & The Gerald
4 Armstrong Corporation, Marin Superior Court Case
5 No. 157680 ("Armstrong IV") for the same purposes
6 as in o. above;

7 r. twice more bringing contempt of court charges
8 against me based on false sworn statements.

9 8. The videotapes from which Mr. Miscavige claims to
10 quote were made in November, 1984. In order to provide a
11 context for how I came to be involved with his operatives
12 who set up the videotaping and to clarify the words of both
13 the operatives and myself which were recorded, and a few of
14 which Mr. Miscavige claims to quote, I am appending hereto
15 as Exhibit B a copy of a declaration/screenplay outline I
16 have just completed and called "Find a Better Basket."

17 9. When I state on the 1984 videotape that I am not
18 afraid, I am answering one of the operatives' questions or
19 challenges which he has been drilled to state. In
20 responding the way I did I am honestly communicating one of
21 the changes I had perceived in my psyche over the almost
22 three years since I left the organization. Because the
23 organization teaches its members to put their faith in what
24 cannot protect them; e.g., data, wins, attacks, hatred,
25 disconnection, leverage, lawsuits, private investigators,
26 fair game, L. Ron Hubbard or David Miscavige; it leaves them
27 with a seemingly irreducible fear. Those who put their
28 faith in God, wherein lies perfect protection, give up their

1 fear. There will still be times when fear will arise, but
2 the reestablishing of faith in God will every time cause
3 that fear to disappear into the nothing it is. I was
4 beginning to learn that wisdom by the time of the 1984
5 videotaping. In fact it was that learning which seemed to
6 move me to associate with the operatives who only sought my
7 destruction. I have stated many times that I have an
8 undeniable concern that before it comes to its senses or
9 saner minds prevail in the organization its power structure
10 headed by Mr. Miscavige will have me assassinated or do
11 something else diabolical and dangerous, and this has
12 produced in me an awareness of threat and is a fact of my
13 present psychological condition. The power structure is
14 quite capable of violent and criminal acts, or of purchasing
15 such acts. The power structure is armed, and its head PI
16 Eugene M. Ingram has threatened to kill me. The power
17 structure makes a religion of terrifying countless
18 vulnerable and innocent people who do not have my certainty
19 and do not have my skills to fight the organization's
20 tyranny. For these reasons I oppose its tyranny and its
21 suppressive doctrines and practices. Mr. Miscavige should
22 not be pointing out imagined inconsistencies in whether one
23 of his victims in one year or another was afraid or not of
24 his vicious organization, but should be eliminating all of
25 its viciousness so that no one ever again is made afraid by
26 it.

27 10. Mr. Miscavige calls the videotaping of me "a
28 police-sanctioned investigation." (Miscavige Dec. p. 31, 1.

1 28) This is a lie Mr. Miscavige must tell as if his life
2 depends on it. I provided the truth in "Find a Better
3 Basket."

4 "Organization lawyers, Earle Cooley and John
5 Peterson, claimed (during the 1985 trial of Julie
6 Christofferson v. Scientology, Circuit Court of
7 the State of Oregon, Multnomah County, No. A7704-
8 05184, that) the Armstrong operation had been
9 authorized by the Los Angeles Police Department,
10 and they produced a letter dated November 7, 1984,
11 signed by an officer Phillip Rodriguez,
12 directing organization private investigator Eugene
13 M. Ingram to electronically eavesdrop on me and
14 Michael Flynn.

15 On April 23, 1985, Los Angeles Police Chief
16 Daryl F. Gates issued a public statement,
17 denying that the Rodriguez letter was a
18 correspondence from the Los Angeles Police
19 Department, denying that the Los Angeles Police
20 Department had cooperated with Ingram, and stating
21 emphatically that all purported authorizations
22 directed to Ingram by any member of the Los
23 Angeles Police Department are invalid and
24 unauthorized. On information and belief, the
25 officer, Phillip Rodriguez, who signed Ingram's
26 letter was paid \$10,000.00 for his signature.
27 Also on information and belief, following a Los
28 Angeles Police Department Internal Affairs

1 Division investigation and a Police Department
2 Board of Rights, Officer Rodriguez was suspended
3 from the Los Angeles Police Force." ("Better
4 Basket," p. 13, paras. 22 and 23)

5 A copy of Officer Rodriguez's "authorization" is appended
6 hereto as Exhibit C, and a copy of Chief Gates' public
7 announcement is appended hereto as Exhibit D.

8 11. Mr. Miscavige claims that his illegal videotapes
9 of me capture me acknowledging my real motives, to overthrow
10 his organization's leadership and gain control of it.
11 (Miscavige Dec. p. 32, 1.1 - 1.3) This is absurd. His own
12 people, operated by him, came to me with their idea,
13 approved by him, as outlined in "Better Basket," of wresting
14 control of the organization from what they called the
15 "criminals" running it. I have never had a desire control
16 the Scientology organization or Scientology, although I
17 recognize that its leaders should be restrained from further
18 abuse of anyone. My real motive in my day-to-day
19 relationship with its leaders is to get it out of the
20 litigation business and get it to cease its assault on the
21 justice system, its abuse of innocence and its threatening
22 of me, my friends and people of good will everywhere. I
23 know David Miscavige personally. I know him to be a bully,
24 a liar and a perfect replacement for L. Ron Hubbard at the
25 controls of his empire. I also know that God is in him as
26 He is in everyone else and that bullying and lying are just
27 mad and useless efforts to fight that fact.

28 12. Mr. Miscavige states that I advise one of his

1 covert operatives to accuse the organization of various
2 criminal acts and when I am told that no evidence exists to
3 support those charges I respond to "just allege it."
4 (Miscavige Dec. p. 32, l. 5 - l. 8) "Better Basket"
5 describes something of the context in which I make a
6 statement differentiating between "allegations" and "proof."
7 The operative I'm talking to is Mike Rinder. Before this
8 meeting I had already, on request of the "Loyalists,"
9 provided them with a "bare bones" draft of a complaint.
10 Complaints contain allegations. Complaints do not contain
11 proof. Rinder, who had been represented to me as the
12 Loyalists' "best legal mind" couldn't seem to get the
13 distinction between allegations and proof in the complaint,
14 and I was frustrated in our conversation because he seemed
15 so dense. Now, of course, his denseness is fully
16 understandable. He had to appear stupid and had to deny
17 that there was any "proof" of the sort of allegations that
18 would be made in a complaint because he knew he was being
19 recorded on a videotape which was going to be used to
20 attack, and if possible destroy me. Even what the
21 organization has done to me alone (see, e.g., crimes listed
22 by Judge Breckenridge and the list in paragraph 7 above) is
23 enough for actual true-hearted reformers to bring a lawsuit
24 to take control of the organization from the criminals now
25 in charge.

26 13. During Mr. Miscavige's videotape operation a
27 briefcase containing a book of my original drawings and
28 writings and other documents was stolen from the trunk of my

1 car. My attorney made a demand on the organization for the
2 return of these materials. The organization denied having
3 them. I have recently been advised by Vicki Aznaran, a
4 former organization executive who carried out operations
5 against individuals on Mr. Miscavige's orders, that he told
6 her at the time of their theft that he had them and he
7 described them to her. Knowing that this declaration will
8 be seen by Mr. Miscavige, I herewith renew my demand to him
9 for the return of my materials to me.

10 14. I will also take the opportunity to advise this
11 Court that Mr. Miscavige's organization considers that it
12 has me under a contract whereby it may sue me for filing
13 this declaration, not because it is untrue or libelous, but
14 because that is what the organization insists its contract
15 permits. This contract was obtained by Mr. Miscavige as the
16 result of his organization's years of attack on my attorney
17 Michael Flynn, as stated in paragraph 7 subparagraph h.
18 above. In order to get the organization to cease its fair
19 game against Mr. Flynn I had to sign its contract, which,
20 according to Mr. Miscavige, allows him and his agents to say
21 whatever they want about me in any court proceeding or in
22 the media and I may not respond. If I do respond I become
23 subject to a \$50,000.00 liquidated damages provision for
24 every utterance, and the target in another Miscavige-ordered
25 costly and harassing lawsuit. The three lawsuits, Armstrong
26 II, III and IV described in paragraph 7, subparagraphs o, p
27 and q, and the contempt of court proceedings at subparagraph
28 r, are all pursuant to this contract. The contract is

1 against public policy and illegal. Mr. Miscavige, moreover,
2 entered into a separate illegal contract with Mr. Flynn,
3 which prohibits Mr. Flynn from assisting me in any
4 litigation against the organization. If Mr. Flynn were to
5 assist me he would again be subjected to "fair game." Mr.
6 Miscavige would be wise to rescind all these illegal
7 contracts and discontinue his abuse of the legal process and
8 totally eliminate from his organization the doctrine and
9 practice of fair game, and not merely deny its existence.

10 15. Mr. Miscavige claims to know a great deal about
11 the IRS dropping me as a witness because of his videotapes.
12 In truth I was not dropped as a witness at all, and my
13 credibility, despite more than twelve years of his
14 organization's attacks on it, is intact. One of the
15 conditions of the 1986 "settlement" with Mr. Miscavige's
16 organization was that in order for the organization to
17 discontinue the "fair game" against Mr. Flynn I had to sign
18 a knowingly false affidavit, essentially stating that Mr.
19 Miscavige's new regime had discontinued the organization's
20 criminal activities. Mr. Flynn claimed that the
21 organization had already tried to murder him and he felt his
22 life and his family were in danger. I fully believed Mr.
23 Flynn because I had myself been the target of fair game for
24 five years by then and had likewise been threatened with
25 murder. I, along with several other of Mr. Flynn's clients,
26 therefore signed these false affidavits which the
27 organization had prepared. The organization then filed the
28 false affidavits in its IRS litigations. Mr. Miscavige

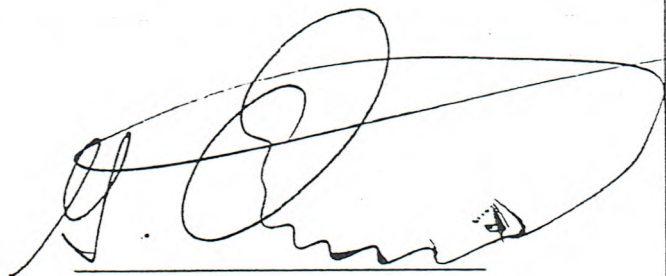
1 makes much of the IRS granting his organization tax exempt
2 status. Our government's turning its back on this
3 organization's thousands of victims and apparently ignoring
4 its obnoxious, irreligious and criminal core nature,
5 however, does not make this victimization and antisocial
6 nature either right or religious.

7 16. Mr. Miscavige also claims that Scientology's
8 philosophy and practice of opportunistic hatred, called
9 "fair game" by L. Ron Hubbard, its originator, doesn't
10 exist. It does.

11 I declare under the penalty of perjury under the laws
12 of the State of California that the foregoing is true and
13 correct.

14 Executed at San Anselmo, California, on February 22,
15 1994.

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GERALD ARMSTRONG

FIND A BETTER BASKET

A Literary Work Created and Written
by
GERALD ARMSTRONG

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FIND A BETTER BASKET

I, Gerald Armstrong, declare:

1. I am making this declaration in response to allegations made by Scientology organization leaders, attorneys and agents in court proceedings and public media around the world concerning a 1984 organization intelligence operation targeting me, which has been called the "Armstrong Operation." I am copyrighting this document prior to its use in court because it will, in addition to putting the organization's allegations into a proper context, form an outline for a screenplay I am writing. It is my story.

2. After I left the organization at the end of 1981, the organization intelligence bureau assigned Dan Sherman, a Los Angeles spy story writer and intel operative, to get close to me and become my friend, which he did. I had been the intelligence officer on board the "Apollo" with the organization's founder and supreme leader L. Ron Hubbard, had studied his intelligence policies and Guardian's Office^{1/} intelligence materials, had an

^{1/} The Guardian's Office ("GO"), headed from 1966 to 1981 by Mary Sue Hubbard, who reported to and was controlled by L. Ron Hubbard, consisted of five bureaus: Intelligence, Public Relations, Legal, Finance and Social Coordination (front groups). The GO was responsible for hiding its money and its actual command lines, defending the organization against attacks and for eliminating all opposition to its progress. Hubbard patterned its intelligence bureau, B-1, and the organization's total espionage mentality on the work of Reinhard Gehlen, Hitler's spy master. On Hubbard's orders, after the conviction of 11 top GO intelligence personnel, including Mary Sue, for criminal activities against the US Government, Scientology's second major arm of power, the Sea Organization, in a 1981 putsch took control of the GO's functions and subsequently renamed the GO arm the Office of Special Affairs, "OSA."

appreciation for that literary genre, and I was myself a writer, so Sherman and I had a real basis for a real friendship.

3. Sherman told me he was no longer involved in Scientology, wanted nothing to do with it, saw it as a personal waste of time, and also saw that its leaders were ruthless and dangerous, and claimed to be afraid of them finding out that he was friends with me. Sometime in 1982 or 1983 he told me that he was still in communication in a limited way with some of his old friends still in the organization. He described these friends as smart, reasonable and not fanatics. They were still Scientologists and worked on staff, but felt that organization leaders were criminals. Having no allegiance to these leaders, Sherman's friends would occasionally tell him about conditions inside and their desire to end the organization's criminal activities. They said the conditions inside were oppressive and chaotic and they were at risk even talking to him because sec checks² were rampant.

4. During the 1984 trial of the organization's case against me, Church of Scientology of California and Mary Sue Hubbard v. Gerald Armstrong, Los Angeles Superior Court no. C 420153 ("Armstrong I"), Sherman told me that one of these friends, whom he called "Joey," had told him that there was an

^{2/} Sec checks are accusatory interrogations using Hubbard's electropsychometer or E-Meter as a lie detector. Sec checks could be brutal, could go on for many hours or days, could involve several people asking questions, threatening and badgering, and could have disastrous results for the interrogee.

actual group inside the organization who were dedicated to reforming it because management had become suppressive. They called themselves the "Loyalists," claiming to be "loyal" to the preservation of the ideals of Scientology, "what worked." They also recognized that its leaders were criminal, crazy, dangerous, and not dedicated to those ideals but were acting to destroy them. The "Loyalists" wanted to take control in a well-planned, effective and peaceful action before some tragedy happened. They claimed to know of criminal activities and a key part of their plan was the documenting of these activities.

5. Sherman said they were 35 in number, or at least there were 35 who knew they were "Loyalists," all smart, reasonable and not fanatics. Some of them were his old friends from B-1. Such persons tended to be smart, reasonable and often were not fanatics. The people whom I knew to be, including Hubbard, the organization leaders, prided themselves on their recognition of unreasonableness as a virtue, and maintained an abiding fanaticism to justify their abuses and keep their positions of power. Sherman was smart and gave every appearance of being reasonable and unfanatical. He said the Loyalists knew he was in communication with me and wanted to talk with me but were afraid for their lives. This was not surprising to me because I knew from my own experiences that the organization had a brutal side and its leaders were dangerous, armed and desperate. Thus the first communications with the Loyalists were a few messages relayed by Sherman. They said that I had a proven record against

the organization, that my integrity had been unshakable and they wanted my help.

6. A few days after the Armstrong I trial ended, Joey, who, I later learned, was actually one David Kluge, made the first direct contact with me, a phone call to my home in Costa Mesa, California. He said the Loyalists knew I wanted my pc folders^{3/}, that my folders were being moved on a certain day and that I could get them if I wanted. I told Kluge that even though the folders were mine the organization would claim, if it was discovered I had them, that I was accepting stolen property, so I had to decline his offer. I was also already booked, on the same day the Loyalists said they would get me my pc folders, to fly to London to testify in a child custody case^{4/} involving

^{3/} Pc folders, also called preclear or auditing files or folders, contain the record of processes run and questions asked by the auditor (psychotherapist), E-Meter reads, and answers given and statements made by the preclear (or patient) during Scientology auditing (or psychotherapy) sessions. It was well known that I had opposed and exposed the organization's misuse of information divulged by the organization's "preclears" (what were essentially psychotherapist-patient confidences) in auditing. I had been attempting to get the organization to deliver to me my pc folders throughout the Armstrong I litigation, and the misuse of auditing information was an issue in the Armstrong I trial. Judge Paul G. Breckenridge, Jr. stated in his decision following the 30-day Armstrong I trial: "[Mary Sue Hubbard] was the head of the Guardian Office for years and among other things, authored the infamous order "GO 121669" which directed culling of supposedly confidential P.C. files/folders for the purposes of internal security." "The practice of culling supposedly confidential "P.C. folders or files" to obtain information for purposes of intimidation and/or harassment is repugnant and outrageous. The Guardian's Office, which plaintiff [Mary Sue Hubbard] headed, was no respecter of anyone's civil rights, particularly that of privacy."

^{4/} This Royal Courts of Justice case, known as Re: B and G

Scientology, and I told Kluge that I couldn't change my plans.

7. When I returned from the UK, where, incidentally, I had been harassed by a pack of English private investigators working for the organization, Kluge reestablished contact, and I communicated with him or Sherman several times over the next few months. I was happy to be in communication with them, because I'm happy to be in communication with anyone, and my relationship with the Loyalists, who were admitted Scientologists, seemed a spark of hope in the seemingly hopeless and threatening Scientology situation.

8. I have believed and stated that when Scientologists have the freedom to communicate to the people their leaders label "enemies," Scientology will cease to have enemies. The organization's leaders prohibit their minions from communicating with me, thus I am their enemy. This prohibition is enforced with severe "ethics" punishment, which could easily include "declaring" the person who dared to communicate with me a "suppressive" person, thus making him the target of the organization's philosophy and practice of opportunistic hatred Hubbard called "fair game."

9. I had lost my law office job because of the Armstrong I trial, which really ran from April into June, 1984, and I did not get another job for some months, so had considerable time on my

^{4/} (Continued) (Wards), resulted in a Judgment on July 23, 1984 issued by Justice Latey in favor of the non-Scientologist parent. The Judgment, which was upheld on appeal, contained a scathing condemnation of organization policies and practices.

hands in the fall of 1984 to meet with Sherman and the Loyalists and do some of the things they wanted. I had begun to draw and write seriously during this period, and some of my writings concerned the Scientology battle and the Loyalists. My situation with the organization and the Loyalists was bizarre and psychologically traumatic, and this is reflected in my writings of the period. Thanks to, I believe, my growing faith in God I was given the gift of a healthy sense of humor and that too is a facet of my communications and writings during the period.

10. In late July, 1984 the organization fed to the media the story, and filed papers in various court cases, including Armstrong I, charging, that Michael Flynn, who had fought the organization's fair game tactics for five years, who had been my friend and attorney for two years and had just successfully defended me in the Armstrong I trial, was behind a plot to cash a forged check for \$2,000,000.00 on one of Hubbard's accounts at the Bank of New England. Sherman and Kluge communicated that the Loyalists knew Flynn was not involved, and that the organization leaders knew Flynn was uninvolved but were framing him with the forgery. The Loyalists said that they were working inside the organization to acquire the proof of the frame-up, and that when they proved Flynn's innocence they would be in a position to effectuate the reforms they sought. This was fine with me, because I fully believed that Flynn was innocent, and that the organization was framing him just to be able to attack him to eliminate the threat he represented to its antisocial practices

and nature.

11. Over the next few months Sherman and Kluge communicated with me regularly about the Loyalists' progress in documenting the truth about the Flynn frame-up. They claimed that all staff were searched before they could leave OSA or management offices, so it was hard to get any documents out. Nevertheless, on a couple of occasions Sherman and Joey gave me a page or two that had been smuggled out. I learned that a US Attorney in Boston had become involved in the investigation of the frame-up, and I passed whatever I got from the Loyalists to him through Flynn.

12. One of the ideas which developed with the Loyalists in the early fall of 1984 was the possible filing of a lawsuit to take control of the organization from the "criminals." I saw this as an idea with merit, and could be the effective action the Loyalists said they were looking for to avert a major organization tragedy. I told Flynn what they wanted and he drafted a "bare bones" complaint which I passed to them. Sherman, Kluge and I discussed the lawsuit concept on several occasions, both of them asking me for my ideas and I helped as I could within the limits of my knowledge, ability and imagination.

13. The Loyalists then began discussing with me finding a financial "backer" for their lawsuit, basing this need on the likelihood that the bringing of the suit would freeze organization accounts, and the Loyalists would need operating capital. They claimed that the leaders had lots of money they had skimmed from the organization and squirreled away in their

own bank accounts, and the Loyalists were all staff members and thus broke. I couldn't help them with money, and knew of no one who might finance whatever they did, so they said that, because I understood the situation so well, and had a proven record, they wanted me to talk to and encourage some prospective backers with whom they were in touch. One day I got a call from Kluge, asking me to fly to Las Vegas to meet with such a person, a "rich Scientologist" who had been mistreated by the organization and was aligned with the Loyalists on their goal of reformation. Although on Kluge's instructions I purchased a plane ticket, I called off the trip before leaving because my lawyers warned me that I could be walking into a trap.

14. There were many times during this period when I considered the possibility that I was walking into a trap. The thought arose in all my meetings with Kluge, and later with Mike Rinder, the second Loyalist I would meet. Their communications often didn't jibe with what they or Sherman had said on earlier occasions, and sometimes they said things which were downright stupid. I had no way of originating a communication to them, had no telephone numbers, no locations, no names, and no idea what any of them did. They had my address, phone number, knew exactly what I did, and could call me any time they wanted. They told me almost nothing, and wanted to know everything I knew. They claimed I had to be kept in the dark because of their fear for their lives, and for that reason I went along with their, even to me, strange behavior.

15. Because of their fear for their lives they depended on secrecy, duplicity and intelligence procedures and goals. Although I had been in intelligence in the organization and had the essential quality for the field; i.e., native intelligence, I had, after leaving the organization, come to the conclusion that Scientology's brand of intelligence; i.e., the secret world of data, duplicity, stealth, hidden intentions and hidden identities, was ineffective, unhealthy, unholy, and not my choice for how I would make my way through life and deal with my problems. Even inside the organization, which is an intelligence-based group, I had urged those who were in positions to do something about it to open up, stop lying, disclose its leaders, divulge its secrets; because I felt that its lies, secrets, and secret orders from its secret leaders would only bring upon it more problems. After leaving the organization, a factor in my life which led to my faith in openness and freedom as opposed to secrecy and leverage, was all the testifying I did, in trial in Armstrong I and in B & G Wards, and in many days of depositions in several more Scientology-related cases. Also I knew that the organization's leaders, who had an undeniable determination to harm me, possessed my pc folders which contained every embarrassing incident or thought in my life, and my lives back umpteen impossibillion years. These facts had resulted in a tendency in me at times during this period to not care what happened to me and to act a little wild and silly.

16. Sometime during 1984 it came to me that what I was

following, and what was a far superior technology and faith than intelligence, or perhaps perfect intelligence, was guidance. I had been given, before and after my asking, a desire to know my Creator, and I believe I received during this period some of His communications to me. Hubbard in his writings put no faith in his Creator, but put it in something of his own making, an intelligence apparatus in which he was the secret leader with secret bank accounts, secret communication lines, secret codes, secret intentions, and secret lawyers to keep them all secret. I had come to know God a little, and understood that no matter how scary things got I was in hands in which I was in no real danger. I could be shot, my body could be destroyed, I could be defamed and ruined, and I would still be in no real danger. And things did get scary for me in my dealings with Sherman and the Loyalists during this period. I picked up surveillance on a number of occasions, and there was the nagging strangeness of the Loyalists' communications and the movie-like quality of this play in which I was being played with. I still retained my intellect and acted with good sense most of the time, but a shift was occurring in my mind and soul. I began to walk deliberately into danger, but I was also new at this approach to life, and as yet a little foolhardy and undisciplined, and these facts too are reflected in my writings and actions of the period.

17. Sherman's and Kluge's interest was intelligence and they didn't want to hear much of my philosophy of guidance, courage and openness, so I turned my mind to the intelligence

game, and as always happens when I turn my mind to any subject, I had ideas. Some of these ideas I communicated to the Loyalists, some I wrote down, some were only funny. Our meetings had a secretive, spy story feel to them, partly because of the danger the Loyalists said they were in and the danger I was in anyone would say, partly because of the subject matter we discussed, and partly because of the settings in which we met. Sherman insisted that I couldn't come to his home, so we met on many occasions in the bird sanctuary in Griffith Park. My first meeting with Kluge was in a cemetery in Glendale. I met him two more times in early November at different locations in Griffith Park, and then met with Rinder two times in late November at two more locations in the park.

18. Sherman told me around October, 1984 that the Loyalists had found a potential backer, a woman named Rene, another "rich Scientologist," who he said had been horribly hurt by the organization. He said he knew her personally and considered her a good and trusted friend. He said that she owned a publishing company which printed calendars, that he had told her about my artwork and writing, and that she wanted to see some of my materials for possible publication. Following our first meeting in Griffith Park Kluge took me to the Sheraton Grand Hotel in downtown Los Angeles to meet her. I took along a file of some of my work and left it with her. In my meeting with her she wanted to know my perspective on the lawsuit idea and my thoughts on removing the organization's criminal leadership.

19. While claiming that the Loyalists wanted to take legal action to bring about a safe transfer of power, both Sherman and Kluge also claimed that they didn't know anything about legal matters, nor any of the organization's litigations, and that there were other people higher up in the Loyalist network who were trained in legal, stayed abreast of the organization's litigation battles, and had an understanding of the Loyalists' legal options and an overview of their plan which Sherman and Kluge didn't have. Coupled with their claimed need to keep me in the dark for fear of their lives, their assertions of ignorance of legal matters caused considerable frustration in me and in our communications. As a result, I requested in a number of communications to speak to their "best legal mind."

20. Finally the Loyalists said that their legal expert would meet me and a rendezvous was set up, again in Griffith Park. The "legal expert" turned out to be Mike Rinder, a person I had known in the organization, who had held various lower level administrative posts. Rinder, it turned out, also professed ignorance of legal concepts, and my meetings and communications with him were even more frustrating.

21. Some time after my last meeting with Rinder, which occurred November 30, 1984, I received a phone call from Kluge, advising me that the Loyalists did not trust me and would not be communicating with me again. I then wrote them my final communication, a copy of which is appended hereto as Exhibit A, and gave it to Sherman to give to them.

22. During my cross-examination in the spring, 1985 trial of Julie Christofferson v. Scientology, Circuit Court of the State of Oregon, Multnomah County, No. A7704-05184, the organization broke the fact that Sherman, Kluge and Rinder had been covert operatives, the Loyalists were invented, and that my meetings with Kluge and Rinder had been videotaped. The organization called the whole more than two year affair the "Armstrong Operation." Organization lawyers, Earle Cooley and John Peterson, claimed the Armstrong operation had been authorized by the Los Angeles Police Department, and they produced a letter dated November 7, 1984, a copy of which is appended hereto as Exhibit B, signed by an officer Phillip Rodriguez, directing organization private investigator Eugene M. Ingram to electronically eavesdrop on me and Michael Flynn.

23. On April 23, 1985, Los Angeles Police Chief Darryl F. Gates issued a public statement, a copy of which is appended hereto as Exhibit C, denying that the Rodriguez letter was a correspondence from the Los Angeles Police Department, denying that the Los Angeles Police Department had cooperated with Ingram, and stating emphatically that all purported authorizations directed to Ingram by any member of the Los Angeles Police Department are invalid and unauthorized. On information and belief, the officer, Phillip Rodriguez, who signed Ingram's letter was paid \$10,000.00 for his signature. Also on information and belief, following a Los Angeles Police Department Internal Affairs Division investigation and a Police

Department Board of Rights, Officer Rodriguez was suspended from the Los Angeles Police Force. Eugene Ingram had himself some years before been drummed out of the Los Angeles Police Department. He is reputed to have been busted for pandering and taking payoffs from drug dealers. He is a liar and a bully who has been involved in organization intelligence operations against its perceived enemies for many years. During the period I was involved with the Loyalists Ingram called me at my home and threatened to put a bullet between my eyes.

24. Initially the presiding judge in the Christofferson trial Donald F. Londer refused to admit the tapes because they had been obtained illegally. Then he viewed them in chambers and when he returned to the bench stated that "the tapes are damaging, very damaging to the church." Then he admitted them into evidence.

25. Despite Judge Londer's ruling and comments, and despite Chief Gates' repudiation of the Rodriguez "authorization," the organization has continued in press and courts around the world to claim that the videotape operation was "police-sanctioned." The organization has continued to claim that I originated the "plot to overthrow "church" management" and that I initiated the contact with the organization members, who merely played along with my plan while remaining "loyal" to the organization. It also has continued to claim that the videotapes show me plotting to forge documents and seed them in organization files to be found in a raid, show me creating "sham lawsuits," show me urging

the Loyalists to not prove anything but "just allege it," and show me seeking to take control of the organization. The videotapes show none of those things. The tapes show that in the fall of 1984, during the reign of the organization's present supreme leader David Miscavige (DM), the fair game doctrine was alive and as unfair as ever. The tapes show a mean-spirited, mendacious and malevolent organization using well-drilled operatives and electronic gadgetry to attempt, unsuccessfully, to set up an unwitting, funny, sometimes silly, clearly helpful, at times foul-mouthed, but otherwise ordinary human male.

26. The organization's refusal to stop telling these lies is not surprising, however, because its leaders have put so many of their eggs in their dirty tricks basket. These leaders are unbalanced and in a very precarious situation. Having lied about the Armstrong Operation in so many courts and publications and to so many people, including their own followers, these leaders risk their positions of power, and in their minds their very lives, if they ever admit the breadth of those lies. Yet it is in the acknowledgement of the truth behind those lies where ultimately their safety will be found.

27. It has not ceased to be embarrassing to me whenever the organization trots out the Armstrong videotapes, because I do say some silly and raunchy things. But the organization has never been able to embarrass me into silence and it won't now.

28. The Scientology legal war has almost run its course. The organization's leaders can never rewrite all history.

Scientologists of good will everywhere can be free.

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed at San Anselmo, California, on February 20, 1994.

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a series of loops and a final flourish.

GERALD ARMSTRONG

EUGENE M. INGRAM
INGRAM INVESTIGATIONS
California License Number RA9387
1212 North Vermont Avenue
Los Angeles, California 90029

November 7, 1984

To: EUGENE M. INGRAM, PRIVATE INVESTIGATOR

From: PHILLIP RODRIGUEZ, POLICE OFFICER, NORTHEAST DIVISION, CITY OF
LOS ANGELES

I hereby direct EUGENE M. INGRAM and his employees/agents or other persons acting under his direction, to intentionally and without the consent of all parties to a confidential communication, by means of any electronic amplifying or recording device, eavesdrop upon or record such confidential communication, whether such communication is carried on among such parties in the presence of one another or by means of a telegraph, telephone or other device, for the period November 7, 1984 thru November 14, 1984; provided however, that if recordings are accomplished on any day during the above period, EUGENE M. INGRAM is to report the results to me for further direction by me.

This authorization shall specifically pertain to the investigation of GERRY ARMSTRONG, MICHAEL J. FLYNN, AND OTHERS NOT KNOWN AT THIS TIME, regarding possible criminal violations of, but not limited to, California Penal Code §664 (Attempts), §134 (Preparing False Documentary Evidence), §182 (Conspiracy) and/or any other violations of criminal laws.

This authorization is in compliance with California Penal Code §633.

Signed in Los Angeles, California, on November 7, 1984.


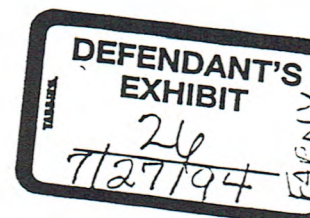
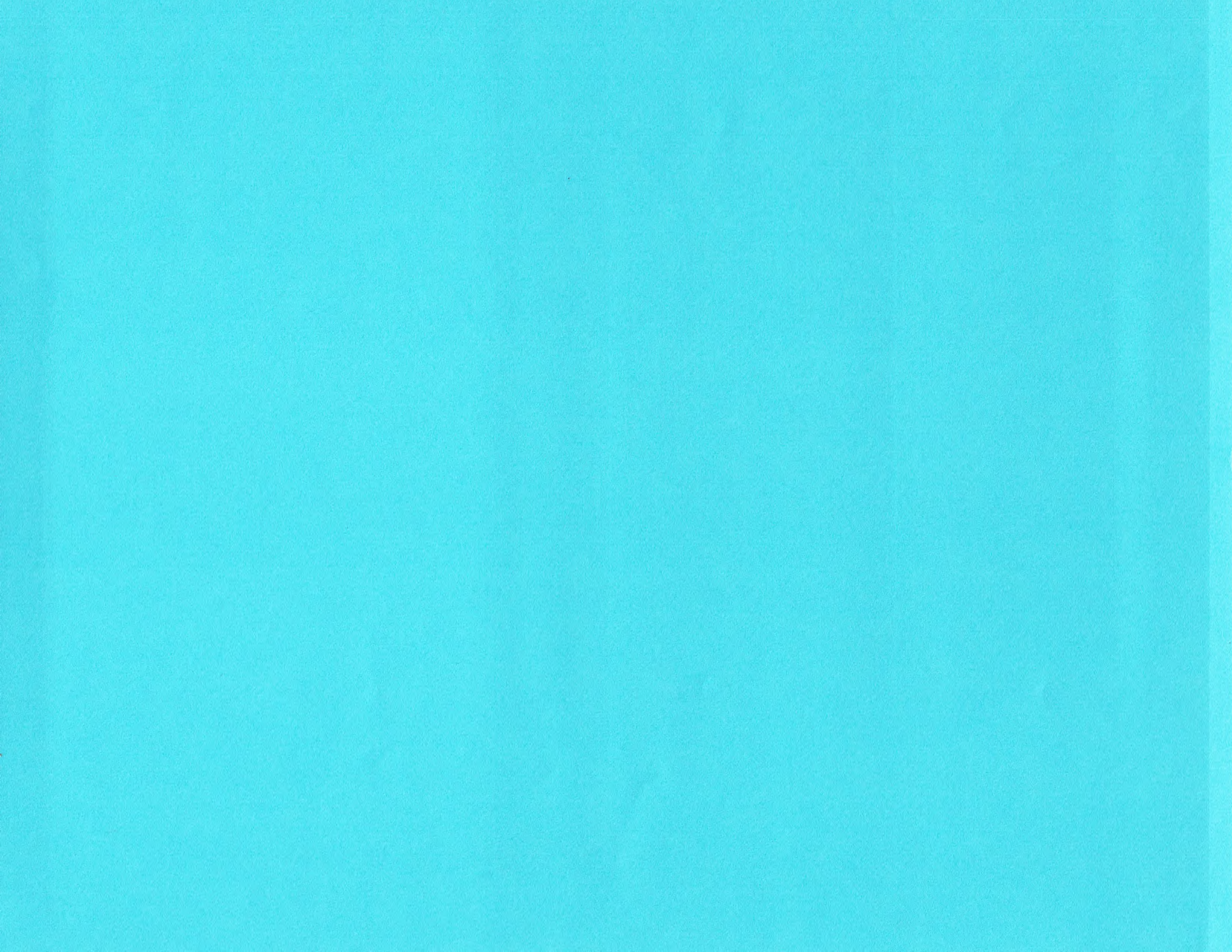

OFFICER PHILLIP RODRIGUEZ
SERIAL NUMBER 16924
LOS ANGELES POLICE DEPARTMENT

EXHIBIT "A"





April 23, 1985

APR 24 1985

PUBLIC ANNOUNCEMENT
BY
DARYL F. GATES
CHIEF OF POLICE, LOS ANGELES

It has come to my attention that a member of the L. A. P. D. very foolishly, without proper authorization and contrary to the policy of this Department, signed a letter to Eugene M. Ingram, believed to have been drafted by Ingram himself. The letter purports to authorize Ingram to engage in electronic eavesdropping. The letter, along with all the purported authorization, is invalid and is NOT a correspondence from the Los Angeles Police Department.

The Los Angeles Police Department has not cooperated with Eugene Ingram. It will be a cold day in hell when we do.

I have directed an official letter to Ingram informing him that the letter signed by Officer Phillip Rodriguez dated November 7, 1984, and all other letters of purported authorizations directed to him, signed by any member of the Los Angeles Police Department, are invalid and unauthorized.

Internal Affairs Division is now investigating the entire incident.

DEFENDANT'S
EXHIBIT
27
7/27/94
TAGNY



THIS IS TO CERTIFY THAT I HAVE EXAMINED THE ORIGINAL OF THIS DOCUMENT AND FIND THIS REPRODUCTION TO BE A TRUE COPY OF SAME, MADE WITHOUT ALTERATIONS OR ERASURES.

By Sgt. [Signature] 4828
RECORDS & IDENTIFICATION DIVISION
LOS ANGELES POLICE DEPARTMENT

Dated: 5-16-85

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